

Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 EA-10 ISO-00 SP-02 USIA-06 AID-05

EB-08 NSC-05 TRSE-00 SS-15 STR-05 OMB-01 CEA-01

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INFO AMEMBASSY LONDON

USMISSION USNATO

AMEMBASSY JAKARTA

AMEMBASSY BANGKOK

AMEMBASSY KHARTOUM

AMEMBASSY LAGOS

C O N F I D E N T I A L MOSCOW 18194

E. O. 11652: GDS

TAGS: EFIN, EEWT, XC, XJ, UR

SUBJECT: SOVIET FTO'S SAID TO SHUN USE OF NARODNY BANK IN
FINANCING EXPORTS

1. RANKING BANK OF AMERICA OFFICIAL RESIDENT IN MOSCOW TOLD
E/C COUNSELOR LAST WEEK OF RECENT CONVERSATIONS WITH A NUMBER OF
SOVIET FOREIGN TRADE ORGANIZATIONS WHO STATED THAT THEY WERE
UNWILLING TO USE THE MOSCOW NARODNY BANK OF LONDON FOR FINANCING
THEIR EXPORTS. THESE TRADE OFFICIALS WERE HIGHLY CRITICAL OF
THE NARODNY BANK FOR ITS ALLEGEDLY "CONSERVATIVE" POLICIES,
ACCORDING TO SOURCE.

2. BANK OF AMERICA OFFICIAL SAID THAT HE DISCUSSED PROJECTS
FOR SOVIET SALES TO INDONESIA, THAILAND, SUDAN
AND NIGERIA AND TO OTHER DEVELOPING COUNTRIES. ROLE OF B OF A
WOULD NOT BE TO FINANCE SOVIET EXPORTS, HE EXPLAINED, BUT IT
MIGHT BE INVOLVED THROUGH OTHER REGIONAL OVERSEAS OFFICES IN
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FINANCING SOME OF THE LDC COSTS IN SUPPORT OF THESE PROJECTS.
IT WAS THIS FINANCING, APPARENTLY, IN WHICH THE SOVIET FTO'S
ALLEGEDLY DID NOT WISH TO SEE MOSCOW NARODNY INVOLVED BECAUSE
OF ITS ALLEGED EXCESSIVE CAUTION. (WE WILL TRY TO LEARN MORE
OF THESE PROJECTS AS THE OCCASION ARISES.)

3. WITH REFERENCE TO THE MOSCOW NARODNY IT IS WORTH NOTING

THAT MUCH FANFARE WAS GIVEN IN LOCAL PRESS TO RECENT OPENING OF A "REPRESENTATIVE OFFICE" IN MOSCOW BY THIS BANK AND TO FACT THAT MNB WOULD REPRESENT BOTH MORGAN GRENVILLE AND THE BANK OF SCOTLAND HERE. WHEN ASKED IF HAVING MNB REPRESENT A WESTERN BANK IN MOSCOW WOULD BE AN ADVANTAGE TO THE LATTER, LOCAL AMERICAN BANK REPRESENTATIVE EXPRESSED PERSONAL VIEW THAT THIS WAS FAR FROM BEING THE CASE.

4. COMMENT: WHILE THERE HAVE BEEN REPORTS THAT THE POOR PERFORMANCE OF SOVIET OVERSEAS BANKS, PARTICULARLY THE SINGAPORE BRANCH OF MOSCOW NARODNY, PLAYED A SUBSTANTIAL ROLE IN THE SHAKE-UP OF THE SOVIET BANKING SYSTEM WHICH BROUGHT VLADIMIR ALKHIMOV INTO THE POSITION OF CHAIRMAN OF THE STATE BANK OF THE USSR, WE HAVE NOT HEARD MUCH RECENT CRITICISM OF MOSCOW NARODNY. ITS "CONSERVATIVE" POLICY MAY IN PART BE A REACTION TO THE CRITICISM ADDRESSED TO THE RELATIVELY RISKY COURSE WHICH IT HAD HITHERTO BEEN FOLLOWING. ALTHOUGH THE FTO OFFICIALS ALSO REPORTEDLY TOLD THE BANK OF AMERICA REPRESENTATIVE THAT MOSCOW NARODNY WAS HARD TO CONTROL, WE ARE INCLINED TO DOUBT THAT ALKHIMOV - WIDELY RESPECTED AS A "STRONG" EXECUTIVE - WOULD PERMIT THIS. IT SEEMS MORE LIKELY, AS SEEN FROM HERE, THAT THE "CONSERVATIVE" POLICY IS ALKHIMOV'S OWN. SINCE OUR SOURCE IS RELIABLE, WE BELIEVE THAT THE STATEMENTS WERE MADE BUT ASSUME THEY REFLECT THE VIEWS OF SOVIET TRADERS RATHER THAN NECESSARILY THOSE OF SOVIET BANKERS.

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5. WE RECALL THAT IN FINANCE COMMITTEE OF RECENT US-USSR TRADE AND ECONOMIC COUNCIL MEETING IN LOS ANGELES, ALKHIMOV AND MINISTRY OF FOREIGN TRADE CURRENCY EXPERT VIKTOR IVANOV ASKED WHETHER MOSCOW NARODNY MIGHT ESTABLISH A BANKING FACILITY UNDER NEW YORK STATE BANKING LAW, WITH THE UNDERSTANDING THAT THE NEW YORK STATE RECIPROCITY REQUIREMENT WOULD BE SATISFIED BY FACT MOSCOW NARODNY IS REGISTERED UNDER UK LAW. CHASE MANHATTAN REPRESENTATIVE PRESENT AT THE SESSION RESPONDED AFFIRMATIVELY. (WE WONDER IF THE CHASE VIEW WAS ACCURATE.) ANY FURTHER CONSIDERATION OF THIS SUBJECT WILL PRESUMABLY BE INFLUENCED BY ALKHIMOV'S OWN ASSESSMENT OF THE PERFORMANCE OF MOSCOW NARODNY. WE ARE NOT AWARE OF HIS VIEWS ON THIS SUBJECT.

6. WE WOULD WELCOME ANY COMMENT BY WASHINGTON AGENCIES OR EMBASSY LONDON ON SUBJECT OF MOSCOW NARODNY BANK.
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